

### ***Caution: DRAFT FORM***

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site ([www.irs.gov](http://www.irs.gov)).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

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## Publication 596 Draft Worksheet(s)

These draft worksheets from Publication 596, Earned Income Credit (EIC), for tax year 2006, are only available on the Internet. Since they are drafts, they are subject to change. If a worksheet is revised, it will be reposted only if there is a change in the computation. When the final version of Publication 596 becomes available, these drafts will be removed.

If you file Form 1040, use Worksheet 1 to figure the amount of your investment income for the earned income credit. If you use Worksheet 1 and are filing a Form 8814, Parent's Election To Report Child's Interest and Dividends, which includes an Alaska Permanent Fund dividend, use Worksheet 2 to figure the amount to enter on line 4 of Worksheet 1.

**Comments and suggestions.** We welcome your comments about these worksheets.

You can write to us at the following address:

Internal Revenue Service  
Individual Forms and Publications Branch  
SE:W:CAR:MP:T:L:P  
1111 Constitution Ave. NW, IR-6406  
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

You can email us at [\\*taxforms@irs.gov](mailto:*taxforms@irs.gov). (The asterisk must be included in the address.) Please put "Publications Comment" on the subject line. Although we cannot respond individually to each email, we do appreciate your feedback and will consider your comments as we revise our tax products.



Use this worksheet to figure investment income for the earned income credit when you file Form 1040

### Interest and Dividends

1. Enter any amount from Form 1040, line 8a. . . . . 1. \_\_\_\_\_
2. Enter any amount from Form 1040, line 8b, plus any amount on Form 8814, line 1b. . . . . 2. \_\_\_\_\_
3. Enter any amount from Form 1040, line 9a. . . . . 3. \_\_\_\_\_
4. Enter the amount from Form 1040, line 21, that is from Form 8814 if you are filing that form to report your child's interest and dividend income on your return. (If your child received an Alaska Permanent Fund dividend, use Worksheet 2, on the next page, to figure the amount to enter on this line.) . . . . . 4. \_\_\_\_\_

### Capital Gain Net Income

5. Enter the amount from Form 1040, line 13. If the amount on that line is a loss, enter -0-. . . . . 5. \_\_\_\_\_
6. Enter any gain from Form 4797, Sales of Business Property, line 7. If the amount on that line is a loss, enter -0-. (But, if you completed lines 8 and 9 of Form 4797, enter the amount from line 9 instead.) . . . . . 6. \_\_\_\_\_
7. Subtract line 6 of this worksheet from line 5 of this worksheet. (If the result is less than zero, enter -0-.) . . . . . 7. \_\_\_\_\_

### Royalties and Rental Income from Personal Property

8. Enter any royalty income from Schedule E, line 4, plus any income from the rental of personal property shown on Form 1040, line 21. . . . . 8. \_\_\_\_\_
9. Enter any expenses from Schedule E, line 21, related to royalty income, plus any expenses from the rental of personal property deducted on Form 1040, line 36. . . . . 9. \_\_\_\_\_
10. Subtract the amount on line 9 of this worksheet from the amount on line 8. (If the result is less than zero, enter -0-.) . . . . . 10. \_\_\_\_\_

### Passive Activities

11. Enter the total of any net income from passive activities (included on Schedule E, lines 26, 29a (col. (g)), 34a (col. (d)), and 40). (See instructions below for lines 11 and 12.) . . . . . 11. \_\_\_\_\_
12. Enter the total of any losses from passive activities (included on Schedule E, lines 26, 29b (col. (f)), 34b (col. (c)), and 40). (See instructions below for lines 11 and 12.) . . . . . 12. \_\_\_\_\_
13. Combine the amounts on lines 11 and 12 of this worksheet. (If the result is less than zero, enter -0-.) . . . . . 13. \_\_\_\_\_
14. Add the amounts on lines 1, 2, 3, 4, 7, 10, and 13. Enter the total. **This is your Investment Income.** . . . . . 14. \_\_\_\_\_
15. Is the amount on line 14 more than \$2,800?  
☐ **Yes.** You cannot take the credit.  
☐ **No.** Go to Question 5 in Step 2 of the Form 1040 instructions for lines 66a and 66b to find out if you can take the credit (unless you are using this publication to find out if you can take the credit; in that case, go to *Rule 7*, next).

**Instructions for lines 11 and 12.** In figuring the amount to enter on lines 11 and 12, do not take into account any royalty income (or loss) included on line 26 of Schedule E or any amount included in your earned income. To find out if the income on line 26 or line 40 of Schedule E is from a passive activity, see the Schedule E instructions. If any of the rental real estate income (or loss) included on Schedule E, line 26, is not from a passive activity, print "NPA" and the amount of that income (or loss) on the dotted line next to line 26.



Complete this worksheet only if Form 8814 includes an Alaska Permanent Fund dividend.

**Note.** Fill out a separate Worksheet 2 for each Form 8814.

1. Enter the amount from Form 8814, line 2a. .... 1. \_\_\_\_\_
2. Enter the amount from Form 8814, line 2b. .... 2. \_\_\_\_\_
3. Subtract line 2 from line 1. .... 3. \_\_\_\_\_
4. Enter the amount from Form 8814, line 1a. .... 4. \_\_\_\_\_
5. Add lines 3 and 4. .... 5. \_\_\_\_\_
6. Enter the amount of the child's Alaska Permanent Fund dividend. .... 6. \_\_\_\_\_
7. Divide line 6 by line 5. Enter the result as a decimal (rounded to at least three places). .... 7. \_\_\_\_\_
8. Enter the amount from Form 8814, line 12. .... 8. \_\_\_\_\_
9. Multiply line 7 by line 8. .... 9. \_\_\_\_\_
10. Subtract line 9 from line 8. Enter the result on line 4 of Worksheet 1. .... 10. \_\_\_\_\_

*(If filing more than one Form 8814, enter on line 4 of Worksheet 1 the total of the amounts on line 10 of all Worksheets 2.)*